



The Case for the U.S.-Peru Trade Promotion Agreement *Strengthening Partnerships for Prosperity*

"...[W]e can send the clear signal to our neighborhood that we want you to be prosperous; that we want to help you realize your potential through trade with the United States of America. Trade agreements are good for both sides -- it's good for U.S. workers, and it's good for Peruvians."

-- President George W. Bush, July 9, 2007

More than 5,000 U.S. companies export to Peru, and more than 80 percent of those are small and medium-sized firms.

Source: U.S.-Peru Trade Coalition

"It is important to show the world that a democracy, with investment, leads to development . . . Development is not achieved by becoming static and not opening our doors to the market."

-- Peruvian President Alan Garcia, April 24, 2007

1. Open a significant new export market. America's two-way trade with Peru doubled over the last three years to nearly \$8.8 billion in 2006, with U.S. goods exports to Peru reaching \$2.9 billion. The U.S.-Peru Trade Promotion Agreement will further open this dynamic and growing export market to American goods and services. It will provide particular benefits for American farmers and ranchers by eliminating Peru's duties on more than two-thirds of current U.S. agriculture exports immediately. According to the American Farm Bureau Federation, U.S. farm sales to Peru could increase by more than \$700 million with full implementation of the U.S.-Peru trade agreement

2. Level the playing field for American businesses, farmers, ranchers and workers. America's market is already open to imports from Peru. In 2006, 98 percent of U.S. imports from Peru entered the United States duty-free under our most-favored nation tariff rates and various preference programs, including the Andean Trade Preference Act, GSP, and CBI. The U.S.-Peru trade agreement will give American businesses, farmers, ranchers and workers similar access to this important market. Upon entry into force of the agreement, 80 percent of U.S. exports of consumer and industrial goods to Peru will enter duty-free immediately. The Agreement also will provide substantial new opportunities for U.S. farmers' and ranchers' agricultural exports, and resolve sanitary and phytosanitary barriers to agricultural trade with Peru. In addition, the Agreement will remove barriers to U.S. services, provide a secure, predictable legal framework for investors, and protect intellectual property.

3. Strengthen freedom and democracy. Approval and implementation of the FTA will demonstrate strong U.S. support for a country and a people who share our values of economic freedom and democracy. Peru was the first Andean nation to conclude a free trade agreement with the United States and the first to ratify the agreement, by a vote of 79 to 14. Alan Garcia became the President of Peru in 2006 after two

rounds of free and fair elections, and the reins of government passed peacefully to him from former President Alejandro Toledo. With these actions, Peru consolidated its role as a model for democracy and open markets in the Americas.

4. Promote economic growth and poverty reduction. An increasingly open market has made Peru one of the fastest growing economies in Latin America – with GDP growth topping 8 percent in 2006. The country’s dynamic economic expansion has also helped to lower the poverty rate from 54.3 percent in 2001 to 49.5 percent in 2006. The U.S.-Peru trade agreement will significantly increase opportunities for continued economic growth and help Peru further develop and modernize its economy.

5. Anchor longstanding ties with a vital regional ally. Peru has been a steadfast partner in combating narcotics trafficking, countering regional terror groups, and supplying America’s energy needs. It joined the United States in sending peacekeepers to Haiti to assist in the peaceful return to democratic rule. Approval and implementation of the U.S.-Peru trade agreement will be a critical signal of America’s support for the Peruvian people, who have chosen to strengthen ties with the United States in the belief that reciprocal market access will contribute to the overall growth and development of their nation.

**For more information, visit the FTAs webpage
located under Bilateral Trade Affairs at www.state.gov/e/eeb/tpp**